

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (07/09):**

BUTTER: Grade AA closed at \$1.3525. The weekly average for Grade AA is \$1.3513 (-.0387).

CHEESE: Barrels closed at \$1.4700 and blocks at \$1.5700. The weekly average for barrels is \$1.4263 (-.0092) and blocks, \$1.5263 (+.0258).

NONFAT DRY MILK: Extra Grade closed at \$1.0100 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0100 (N.C.) and Grade A is \$1.0500 (N.C.).

BUTTER: The market tone remains weak. Until today's trading, prices at the CME have been unchanged or lower in each trading session for the past four weeks. Offerings of fresh butter are light, but frozen stocks are more than ample for the current slow to fair demand. Buyers, hoping for lower prices, are waiting to make additional or spot purchases. Churning schedules are lighter following the relatively heavy output during July 4th weekend. Contacts note that cream supplies have been readily available this week, but feel that the effects of the recent heat wave will tighten milk and cream supplies.

CHEESE: The cheese market is firm with blocks in the strongest position. The wide spread (10 cents) between blocks and barrels continues to pressure barrel producers. Blocks remain tight to short for most buyers on both current and aged. Barrels are more available but still tight for some producers. Cheese production is generally lower as recent heat and humidity reduced plant milk intakes. Cumulative January - May 1999 U.S. cheddar production is estimated at 1.223 billion pounds, up 82.6 million pounds (7.2%) from the comparable period in 1998. Cumulative 1999 total cheese output totals 3.278 billion pounds, up 148.7 million pounds (4.7%) from 1998.

FLUID MILK: Rising summer temperatures are taking a toll on milk production across the U.S. Production is falling most notably in the Southern and Eastern sections of the country. To fill these shortages, spot shipments from Wisconsin and Michigan are beginning to appear. Bottling schedules are steady to heavier as handlers compensate for the extended holiday weekend. Class II prices moved lower with the monthly change in the milk price. Movement of condensed skim into Class II products is good. Class III manufacturing schedules are reduced reflecting a drop in milk receipts. Cream supplies are heavy in the West allowing handlers to compete

effectively with cream producers in the Midwest and East. Ice cream production is seasonally steady.

DRY PRODUCTS: Hot weather is decreasing milk receipts and causing some production problems at plants. The nonfat market is generally weak. Additional DEIP and export interest has not improved movement. Buttermilk prices are trending higher as ice cream producers show more interest. Whey prices are unchanged to higher on a steady to firm market. Inventories are in balance to reduced with Grade A product in the tightest position. Demand for WPC is mixed with prices trending lower.

CCC: During the week of July 5 - 9, CCC net purchases of nonfortified NDM totaled 5,344,041 pounds and fortified totaled 264,524 pounds.

JUNE AGRICULTURAL PRICE HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, taxes, and wage rates in June 1999 declined 1 point to 98. Compared with June 1998 the index is down 4 points (3.9%). The index of prices received by farmers for dairy products advanced 3 points during the month of June 1999 to 101. Compared with June 1998, the index was down 7 points (6.5%). On a 3.5% butterfat basis, prices received by farmers in June with changes from May were: for All milk, \$13.10, up 42 cents; Fluid Grade Milk, \$13.12, up 44 cents; and for Manufacturing Grade Milk, \$11.77, up 50 cents.

MAY 1999 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 104.7 million pounds in May, 13.1% above May 1998 but 1.6% below April 1999. American type cheese production totaled 319.2 million pounds, 6.9% above May 1998 and 0.2% above April 1999. Total cheese output (excluding cottage cheese) was 674.8 million pounds, 3.4% above May 1998 and 0.3% above April 1999. Nonfat dry milk production for human food, totaled 135.1 million pounds, 12.8% above May 1998 and 1.0% above April 1999. Dry whey production, for human food, was 94.8 million pounds, 3.3% below May 1998 but 3.7% above April 1999. Ice cream (hard) production totaled 75.9 million gallons, 5.8% below May 1998 and 0.6% below April 1999.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JULY 5	TUESDAY JULY 6	WEDNESDAY JULY 7	THURSDAY JULY 8	FRIDAY JULY 9	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	H	\$1.4200 (N.C.)	\$1.4075 (-.0125)	\$1.4075 (N.C.)	\$1.4700 (+.0625)	+.0500	\$1.4263 (-.0092)
	O						
40# BLOCKS	L	\$1.5025 (N.C.)	\$1.5025 (N.C.)	\$1.5300 (+.0275)	\$1.5700 (+.0400)	+.0675	\$1.5263 (+.0258)
NONFAT DRY MILK							
EXTRA GRADE	I	\$1.0100 (N.C.)	\$1.0100 (N.C.)	\$1.0100 (N.C.)	\$1.0100 (N.C.)	N.C.	\$1.0100 (N.C.)
	D						
GRADE A	A	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	N.C.	\$1.0500 (N.C.)
BUTTER							
GRADE AA	Y	----	\$1.3500 (-.0200)	----	\$1.3525 (+.0025)	-.0175	\$1.3513 (-.0387)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, JULY 5, 1999 -- NO TRADING

TUESDAY, JULY 6, 1999

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 6 CARS BARRELS: 1 @ \$1.4200, 1 @ \$1.4250, 4 @ \$1.4300; 3 CARS 40# BLOCKS @ \$1.5025

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JULY 7, 1999

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.4075, 1 @ \$1.4200; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.4075, 2 @ \$1.4200, 1 @ \$1.4300, 1 @ \$1.4400

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 3 CARS: 1 @ \$1.3300, 1 @ \$1.3400, 1 @ \$1.3500; BIDS UNFILLED: 1 CAR @ \$1.3000; OFFERS UNCOVERED: 4 CARS: 1 @ \$1.3600, 2 @ \$1.3700, 1 @ \$1.3975

THURSDAY, JULY 8, 1999

CHEESE -- SALES: 17 CARS BARRELS: 14 @ \$1.4000, 3 @ \$1.4075; 3 CARS 40# BLOCKS: 1 @ \$1.5075, 1 @ \$1.5250, 1 @ \$1.5300; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.4050, 1 @ \$1.4000; 1 CAR 40# BLOCKS @ \$1.5300; OFFERS UNCOVERED: 5 CARS BARRELS @ \$1.4075

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JULY 9, 1999

CHEESE -- SALES: 13 CARS BARRELS: 7 @ \$1.4300, 4 @ \$1.4425, 2 @ \$1.4600; 3 CARS 40# BLOCKS: 2 @ \$1.5600, 1 @ \$1.5700; BIDS UNFILLED: 5 CARS BARRELS: 2 @ \$1.4700, 2 @ \$1.4675, 1 @ \$1.4200; 15 CARS 40# BLOCKS: 1 @ \$1.5475, 1 @ \$1.5400, 2 @ \$1.5375, 2 @ \$1.5350, 2 @ \$1.5325, 7 @ \$1.5300; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 6 CARS: 2 @ \$1.3200, 1 @ \$1.3225, 1 @ \$1.3250, 1 @ \$1.3225, 1 @ \$1.3250; BIDS UNFILLED: 2 CARS: 1 @ \$1.2700, 1 @ \$1.3525; OFFERS UNCOVERED: 1 CAR @ \$1.3700

BUTTER MARKETS**MAY BUTTER PRODUCTION**

During May, butter production in the United States totaled 104.7 million pounds, 13.1% above May 1998, but 1.6% below April 1999. For selected states, the following are percentage changes from May 1998: CA +5.4, MN -11.6, NY +27.6, OR +18.9, PA +24.5%, WA +77.4, and WI +11.0. Cumulative output for the first five months of 1999 totals 559.7 million pounds, 5.6% higher than the same period in 1998.

when more cream was available. However, cream volumes became more balanced when the workweek started and ice cream and ice cream mix production restarted. Sales remain mixed. Buyers/users, hoping for lower prices, are waiting to place additional orders. Retail sales are slow to fair, but expected to improve. Sweet corn season is just starting in the northern parts of the region and this usually helps butter sales.

NORTHEAST

During the past two weeks, the price butter at the CME has dropped 13 cents as some traders appear to be clearing some of their inventories. Demand for butter is just fair as contacts feel that inventories are more than sufficient to meet current needs. Fresh butter continues to be relatively tight, but frozen stocks are more than ample. Production levels are seasonally light as milk and cream supplies tighten. However, churning activity was up slightly during the July Fourth weekend when many ice cream makers were down for an extra day or two. Spot bulk sales continue in the range of 3 - 5 1/2 cents over the CME weekly average. Retail sales of quarters and one-pound prints are steady. Food service orders are holding up quite well.

WEST

More cream is available to some Western plants this week than they had anticipated. Therefore, churning activity is up at some manufacturing locations. Bulk butter continues to move out of the region, but at a somewhat slower pace. Print butter is finding fair demand in the retail marketplace. Hotter weather across the country is stimulating some additional interest in ice cream. The assumption is that cream demand will follow suit. Class 3 pricing formulas in California mean that it will be more profitable to make ice cream with July cream instead of August. Contacts are wondering what the near future will hold for cash prices at the CME.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS,
TRUCKLOAD QUANTITIES.

CENTRAL

The butter market is weak as cash trading values at the CME have been steady or lower since mid-June. Production was heavier over the holiday weekend

DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
JULY 3	1.4039 4,627,630	1.3795 10,931,256	1.0060 20,013,718	1.4470 2,297,268	0.1707 7,005,725

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are mixed and the market tone is unsettled. Cheese production levels are steady to lighter. Most plants were still running at or near capacity over the holiday weekend, but the very hot temperatures are starting to take their toll on milk production. Yields and volumes are starting to decrease along seasonal patterns. Demand for cheese is still fairly good, particularly for process and mozzarella. Retail orders are down slightly as most chains work off inventories and buyers wait to see if prices at the CME will hold or start to slide. Food service orders are seasonally good.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.5175-2.0050
Cheddar Single Daisies	:	1.4900-2.0050
Cheddar 40# Block	:	1.6225-1.8075
Process 5# Loaf	:	1.6275-1.7850
Process 5# Sliced	:	1.6475-1.9050
Muenster	:	1.6975-2.0000
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled. Barrel prices have been trending lower while blocks, though pressured, have been holding steady. The spread remains a concern to barrel producers competing for milk, especially with sharply higher July BFP futures (trading well above \$13.00) compared with the announced June BFP price of \$11.42. Orders were often slow to develop right after the holiday weekend. Many buyers have rebuilt inventories as a hedge against higher (current) prices and are reevaluating their position and market trends before reordering. Recent price increases, especially on most natural varieties, are showing up as large increases on monthly average price programs and may impact demand. Top quality cheddar blocks remain tight to short as does aged cheddar. Swiss prices from the plant remain fairly stable as milk costs are relatively flat. Milk receipts are trending lower, affected by the recent spell of higher temperatures and humidity.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.6150-1.7600
Brick And/Or Muenster 5#	:	1.7600-1.9675
Cheddar 40# Block	:	1.7600-2.1150
Monterey Jack 10#	:	1.9400-2.1150
Blue 5#	:	2.0950-2.3400
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8300-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.3400-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JULY 5 - 9, 1999
BARRELS*	:	\$1.4050 - 1.4550 (NOMINAL)
	:	(-.0375) (-.0075)
40# BLOCKS	:	\$1.4900 - 1.5300 (NOMINAL)
	:	(\$0.0050) (.0100)
() Change from previous week. * If steel, barrel returned.		

WEST

Process cheese prices fell fractionally in response to weakness at the CME this past week while natural styles and varieties firmed. Most plants continue to run at near capacity levels. Milk is declining seasonally, but cheese plants are generally being kept full with current price relationships. Demand is rated as still very good for any type of processing solids. Current blocks remain tight. Swiss continues to move very well for July. Total cheese production in the U.S. for May is recorded at 674.8 million pounds, up 3.4% from May 1998. Cumulative output for the first five months of the year has reached 3.28 billion pounds, up 4.7% from the same period in 1998. May output in selected Western states compared to last year is as follows: California up 6.7%, Idaho up 9.3%, Utah up 9.7%, and Washington down 19.2%. Swiss output in May totals 18.0 million pounds, down 2.7% from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5825-1.8425
Cheddar 40# Block	:	1.6200-1.7600
Cheddar 10# Cuts	:	1.8100-2.0200
Monterey Jack 10#	:	1.8300-1.9825
Grade A Swiss Cuts 6 - 9#	:	2.2900-2.4200

FOREIGN

Domestic cheese prices are again higher, but the rate of increase is smaller than the past few weeks. Demand for foreign type cheese is seasonally slow to fair. Stocks are generally adequate to meet current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.8525-2.4625*
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.5475*
Parmesan (Italy)	: TFEWR	: 3.2625-3.2925*
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.8525-2.1375*
Romano (Cows Milk)	: -0-	: 3.0325-5.2575*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggiano (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
07/05/99	14,989	123,925
07/01/99	14,960	121,941
CHANGE	29	1,984
% CHANGE	N.C.	2

Based on the historical relationship of the preliminary U.S. Cold Storage report of May 31 and the selected centers storage report, the expected U.S. holdings as of July 1 are:

Butter 121 million pounds plus or minus 4.13 percent
Cheese 499 million pounds plus or minus 3.13 percent

FLUID MILK AND CREAM

E A S T

Following the announcement of the June BFP, Eastern Milk Market Administrators announced changes to their class prices. The June BFP is \$11.42, up \$0.16 from May. In all Eastern orders the August Class I & II prices will be \$.16 higher than July. The June Class III prices are \$0.17 above May in orders 1, 2, and 4, and \$0.16 higher in order 36. The June Class III-A is \$13.18 in orders 1 & 2, \$13.20 in order 4, and \$13.29 in all other Eastern orders. The butterfat differential is \$0.161. Hot, humid weather has been the topic of most conversations early this week. Temperatures in the Middle Atlantic, New York, and New England areas exceeded 100 degrees on more than one occasion during the past week. Rain is much needed in much of Maryland, southern Pennsylvania, and Virginia. In the Southeast, the temperatures are also very high, but a little more seasonal for that part of the country. The weather is taking its toll on the cows and milk production is falling dramatically in all sections of the East. Weekend milk receipts were lighter as farm pick-up routes are being consolidated. Florida output is falling, but not as rapidly as other areas. This week, handlers did have some surplus milk to move, but it moved to a Class I account. No Florida surplus milk was sent out of state for manufacturing nor did handlers have to import milk from any source. Regional Class I demand was, and is, slow. Some bottlers stepped up bottling schedules on Tuesday after being down for the long weekend. Manufacturing plants are operating on reduced schedules after the weekend milk was cleared and most contacts reported little trouble handling any extra milk the showed up. Southeastern, seasonal manufacturing plants are generally running only on weekends. The condensed skim market is still good for Class II and prices moved lower due to the change in the July Class II milk price. However, the Class III condensed skim market is slower as those prices advanced in response to the increased Class III milk prices. Condensed skim users are taking a closer look at NDM and the price differences between wet and dry solids. The fluid cream market is weaker as more was available over the weekend. The heavy supply carried into the early part of the workweek. Contacts note that more California cream is available at competitive prices. Spot prices are lower as both the multiples and CME butter prices are lower than the previous week. Contacts noted that cream prices are concentrated in the lower half of the ranges. Ice cream output is getting back to normal levels after many plants were down for an extra day or two over the weekend. Churning activity was mixed, mostly heavier over the weekend.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.7792-1.9738
Delivered Equivalent Atlanta	-	1.7792-1.9460 M 1.8070-1.8765
F.O.B. Producing Plants: Upper Midwest	-	1.8070-1.9321

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.8000-1.0000
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JULY 2 - 8, 1999	18
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1998	5

DESTINATIONS: MISSOURI 18

Class I demand is about steady at lighter summer levels. The reported loads from Wisconsin are the first of the new shipping season and occurred within a few days of the week in 1998. Besides the Wisconsin shipments noted above, another 15 loads of Wisconsin milk are direct shipped to Missouri and pooled under a Southern federal order to supplement local offerings. Supplemental milk shipments are also leaving Michigan for Tennessee and perhaps a few other Southern states. Manufacturing milk interest is about steady, though spot offerings have declined in recent weeks. Spot milk prices range from \$1.00 over for a distress load to \$2.25 over, mostly around \$1.50 to \$1.80 over class. Ice cream production remains active, though many firms tried to close for an extra day or two to allow employees a long weekend to enjoy holiday activities. Cream demand was sluggish early in

the week as supplies were much heavier over the weekend due to the plant closings. Cream prices are lower, reflecting lower cash butter prices at the Chicago Mercantile Exchange. Some buyers can secure California sourced cream delivered to their plant for less than local supplies. Milk intakes dropped noticeably during/after the recent bout of heat and humidity. Cooler weather allowed milk receipts to recover a bit where the cool front passed through. For plant operators thus far the rebound has been much smaller than the decline. Manufacturing schedules are lighter, reflecting lower milk receipts. The occasional record setting weekend temperatures (one daily low above 80 degrees in Wisconsin) pushed corn growth along rapidly but made outdoor activities difficult.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JULY 1 - 7	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 42.00	\$ 35.00- 39.50
REPLACEMENT HEIFER CALVES	\$200.00-255.00	\$115.00-155.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JULY 1 - 7	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 45.25	\$ 36.50- 40.00

W E S T

The June 4a price (butter/powder) in California is \$13.15, up \$1.60 from June 1998 but \$1.60 lower than last year. The 4b price (cheese) is \$11.91, \$1.23 higher than last month but \$1.23 cents lower than last year. (The June BFP used in federal orders is \$11.42, 16 cents higher than May but \$1.68 cents lower than June 1998.) The August and September 1999 Class 1 prices in California range from \$14.61 in the north to \$14.88 in the south. The statewide average Class 1 based on production is \$14.66. The average is 48 cents higher than the prior period but \$1.23 lower than the previous year. Milk production is declining in southern and into central California. Some locations are seeing milk dropping as much as 5% from a week ago. Heading north, temperatures are allowing for milk to hold mostly steady and also to continue to increase in the northernmost milk producing areas of the state. Alfalfa prices are steady to weaker for top quality. Demand is fair for often increasing moderate to heavy quantities of new crop hay. Milk production is lower in Arizona as the heat is affecting cow comfort. The sustained heat in the 105 to 110 degrees range during the day and 90 plus at night are causing the problems. Declines are being abated by fans and misters. Milk solids are declining. In New Mexico, hay prices are holding steady. Hay harvest has been dampened by rain but third cuttings have begun in the south. Milk output is rebounding slightly from last week, but the trend line is lower from the seasonal peak. Rains and wet lots have impacted milk volumes. Fat and solid's content are declining. Western cream multiples were slightly weaker, possibly affected by the lag in demand caused by the holiday. Cream demand from ice cream producers continues to be very good. California class prices for cream used in ice cream are expected to increase close to 50 cents per pound for August/September. Milk production remains seasonally heavy in the Pacific Northwest though most contacts feel that the peak has passed. Temperatures are warming up, but not enough to stress the milking herd. The warmer conditions are helping crops to slowly catch up from their delayed spring planting and slow growth. The corn crop looks much better this week. More high quality new crop hay is entering the market. Asking and selling prices are higher, but the quality is good enough that buyers are not too concerned with the cost at this time. Milk producers continue to search for replacement heifers and either they are not able to find them or prices are on the high end of the realm of possibilities to make a profit. A monthly sale was held at the end of last week and prices were higher across the board for all quality levels. Buying activity was very heavy with the comment made that if an Idaho buyer wanted the animal, they were normally successful. Conditions are much warmer in southern Idaho and northern Utah this week. The Magic Valley of Idaho and the Salt Lake basin both touched more than 100 degrees. The duration was short and temperatures have cooled off at night so that the cow stress has been minimal at this time. First cutting hay is nearly completed in the region with generally good results noted. Some scattered farms are beginning on the second cutting. Prices are up from early season estimates. Herd expansions and new dairies starting up continue at a fast pace in Idaho.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 07/08/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to higher on a steady to weak market. Hot weather has decreased milk production which lowers milk intakes at some plants. The extended holiday weekend increased movement at other facilities. Demand remains slow with some improvement noted in the eastern section of the Central region. High heat and Grade A product show good movement with a limited supply. Production of human food, nonfat dry milk during May 1999 totaled 135.1 million pounds, up 12.8% from May 1998 and 1.0% above April 1999. Month ending stocks, at 161.4 million pounds, are 21.6% above a year ago and 18.3% more than April.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0000 - 1.0300 MOSTLY: 1.0100 - 1.0150

DRY BUTTERMILK - CENTRAL

Prices are unchanged to higher on a mostly steady market. Supplies remain mixed but mostly in balance. Condensed continues to clear well into ice cream. Some buyers are beginning to take a position on dry product as butter production slows. Demand is seasonally slow to fair with contracts clearing product the best. Dry buttermilk production during May 1999 totaled 4.3 million pounds, down 16.6% from May 1998 and 9.2% lower than April 1999. Month ending stocks, at 5.0 million pounds, are 19.4% below last year and 28.3% lower than last month.

BUTTERMILK: .6900 - .7500

DRY WHEY - CENTRAL

Prices are unchanged to lower on a steady to fully steady market. Heat is beginning to play a role in whey production as off grade product is becoming more available. Supplies are reduced to in balance for current needs. Producers report that buyers are entering the market in anticipation of higher prices. Traders do not see any increased buying activity but rather some buyer resistance to increased prices. Most buyers are holding adequate inventories with some multiple load shipments noted. Demand is fair to good into export and domestic markets. Production of human food, dry whey during May 1999 totaled 94.8 million pounds, 3.3% less than May 1998 but 3.7% above April 1999. Month ending stocks, at 53.8 million pounds, are 81.0% above a year ago yet unchanged from April 1999.

NONHYGROSCOPIC: .1700 - .1900 MOSTLY: .1700 - .1800

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged on all feed items on a steady to weak market. Milk replacer volumes are more available as heat is having an impact on Extra Grade production. Delactose is becoming more difficult to produce in the hot and humid weather with some producers cutting back on production. Inventories are mostly in balance for current needs. Demand is slow due to the lackluster livestock industry. The market undertone on veal is trending mostly steady to slightly firmer. Hog prices continue to move lower. Production of animal feed dry whey during May 1999 totaled 8.4 million pounds, 9.4% higher than a year ago and 10.2% more than April 1999. Month ending stocks, at 9.2 million pounds, are 107.3% above May 1998 and 3.4% higher than last month.

MILK REPLACER: .1400 - .1675
STANDARD: TFEWR
ROLLER GROUND: .1675 - .1825
DELACTOSE (Min. 20% protein): .2600 - .3150

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Contracts into export and domestic markets are clearing product well. Spot market movement is good for producers able to generate sufficient supplies. Off grade product is generally available just below the bottom of the range. Some producers still continue to delay contract negotiations for the third quarter. Most plants continue to operate at full capacity with improved sales compared to last year. Lactose production during May 1999 totaled 42.5 million pounds, up 3.5% from May 1998 but 1.7% below April 1999. Month ending stocks, at 28.7 million pounds, are 12.2% lower than a year ago but 0.3% higher than last month. Production totals for selected regions with changes from 1998 include: East North Central, 8.5 million pounds, -6.9%; West North Central, 14.1 million pounds, -19.9%; West, 17.8 million pounds, +39.6%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1700 - .2300 MOSTLY: .1700 - .1800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a steady to weak market. Demand is best in the Midwest where prices trend at the higher end of the range. Condensed WPC is sometimes short in the Midwest which limits dry production in areas. Inventories are generally in balance to instances short. On the West coast, producers are holding excessive inventories and find it difficult to move product. Demand for Extra Grade WPC into feed markets is slow to fair. Some increased export interest and movement is being reported. Imports of high protein WPC are still competitive with domestic 34% product. Imports of WPC in April 1999 were up over 68% compared to last year. Production of human food WPC during May totaled 28.1 million pounds, up 29.0% from May 1998 and 10.3% above April 1999. Manufacturers' end-of-month stocks totaled 16.0 million pounds, 37.0% higher than a year ago but 12.9% below last month.

EXTRA GRADE 34% PROTEIN: .4000 - .4775 MOSTLY: .4425 - .4675

NONFAT DRY MILK - WEST

Low/medium heat prices are unchanged. The market tone remains weak. Some new DEIP bids continue to be accepted. Producers reported only minor problems over the holiday weekend. Drying schedules remain high. Demand is seeing some increases from cheese producers trying to extend milk supplies and enhance yields where local milk has declined. CCC activity for the week of June 28 - July 2 totaled 7.1 million pounds of nonfortified and 0.5 million pounds of fortified NDM. High heat prices are unchanged. Production is limited as producers continue to process milk into low heat to best utilize dryer time. High heat orders are generally being met from inventories. U.S. NDM production in May totaled 135.1 million pounds, up 12.8% from last year and 1.0% more than last month. Stocks at the end of May were reported at 161.4 million pounds, up 21.6% from last year and 18.3% higher than last month. May production in California totaled 58.5 million pounds, up 20.6% from last year, and Washington output totaled 16.0 million pounds, up 23.6% from a year ago.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9700 - 1.0300 MOSTLY: .9800 - 1.0100
HIGH HEAT: 1.0200 - 1.0400

DRY BUTTERMILK - WEST

Dry buttermilk prices are firming and the market tone is improving slightly. Offerings are in balance at most locations as production declines. Some producers are increasing offering prices as inventory levels improve. Demand is slowly increasing but seldom better than fair. Ice cream usage is higher seasonally for both powder and condensed. U.S. buttermilk powder production in May totaled 4.3 million pounds, down 16.6% from last year and 9.2% lower than April. Stocks at the end of the month were reported at 5.0 million pounds, down 19.4% from a year earlier and 28.3% below April.

BUTTERMILK: .6650 - .7000 MOSTLY: .6700 - .6800

DRY WHEY - WEST

Prices continue to move fractionally higher for Western whey powder. Export sales are improving and domestic sales are rated as fair to good. Producer stocks of whey are reported to be in better balance across the country. Stocks are certainly available, but most sellers are not willing to discount to move additional loads of powder. Production is mixed; down where milk receipts are declining more rapidly and steady to slightly higher where cheese is taking more milk from other uses. May whey production for the U.S. totals 94.8 million pounds, down 3.3% from last year.

NONHYGROSCOPIC: .1625 - .1900 MOSTLY: .1675 - .1725

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended July 2, on powder sales of 10,538,949 pounds f.o.b. California manufacturing plants was \$1.0054 per pound. This compares to 9,748,446 pounds at \$1.0014 for the previous week ending June 25, 1999. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices range from generally steady to lower and the market tone remains weak. Surplus milk volumes are tighter and drying schedules are off accordingly. Some producers are taking this opportunity to make more high heat. However, last week's heat wave did cause some drying-related problems. Class III condensed skim prices are often higher which is causing buyers to look at switching back to NDM. Producer stocks range from light to more than ample. Some additional interest from exporters has been noticed as DEIP contracts are being procured. However, the largest DEIP volumes continue to be filled by Western producers. Spot demand for NDM is mostly for replacement volumes. Production of human food, nonfat dry milk during May 1999 totaled 135.1 million pounds, up 12.8% from May 1998 and up 1.0% from April 1999. Month ending stocks, at 161.4 million pounds, are 21.6% above a year ago and 18.3% more than a month ago.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0000 - 1.0400 MOSTLY: 1.0000 - 1.0100

HIGH HEAT: 1.0400 - 1.1100 MOSTLY: 1.0400 - 1.0600

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1300

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are often higher as supplies tighten seasonally. The market tone is a little firmer. Churning activity was heavier over the holiday weekend, but the good call for condensed buttermilk is minimizing drying schedules. Producer stocks are closely balanced and some producers indicate that they may need to make a little more. Dry buttermilk production during May 1999 totaled 4.3 million pounds, down 16.6% from May 1998 and 9.2% less than April 1999. Month ending stocks, at 5.0 million pounds, are 19.4% less than a year ago and 28.3% below last month.

F.O.B. NORTHEAST: .7000 - .7500

DELVD SOUTHEAST: .7300 - .7650

DRY WHOLE MILK - NATIONAL

Prices are mixed. With the butter market falling, some suppliers are moving prices lower, but the 16-cent increase in the June BFP did see some producers move their prices slightly higher. The market tone is unchanged. Production is often geared to filling contracts. Spot demand is slow to fair. Production is steady to lighter as milk supplies decline along seasonal patterns. Dry whole milk production during May 1999 totaled 11.6 million pounds, down 3.5% from May 1998 but 16.4% above April 1999. Month ending stocks, at 7.7 million pounds, are 9.4% below a year ago and 45.6% more than last month.

F.O.B. PRODUCING PLANT: 1.2700 - 1.4000

DEIP BID ACCEPTANCE SUMMARY

Allocations for the DEIP year beginning July 1, 1999, are:
Nonfat dry milk - 76,207 MT; Whole Milk Powder - 2,518 MT;
Cheese - 3,190 MT; Butterfat - 25,475 MT.

These DEIP allocations are in addition to balances still available from quantities announced on May 13, 1999; 25,177 MT of Nonfat Dry Milk (to be filled in roughly equal quarterly amounts during the GATT-year beginning July 1, 1999), 7,500 MT of dry whole milk, and 1,270 MT of cheese.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged to higher and Grade A prices remain nominal. The market one is cautiously firm. Prices are advancing due to tighter supplies and lighter production. Demand for Extra Grade is still termed as fair while Grade A whey stocks are very tight and spot demand is not fully satisfied. Resale trades of Grade A are occurring in the mid to high twenties. Extra Grade powder is available for current shipment. Production is still quite heavy, but the recent heat wave in the Northeast did affect milk production and surplus milk volumes. Also, the weather did create dryer efficiency and product quality problems. Production of human food, dry whey during May 1999 totaled 94.8 million pounds, 3.3% less than May 1998 but 3.7% above April 1999. Month ending stocks, at 53.8 million pounds, are 81.0% above last year and unchanged from a month ago.

F.O.B. NORTHEAST: EXTRA GRADE .1750 - .1850

USPH GRADE A .2100 - .2250

DELVD SOUTHEAST: .2025 - .2175

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report, but for those sales that have been reported, prices are up slightly from past weeks. Offerings are a little tighter, but demand remains sluggish. Hog prices and futures are again falling and that doesn't bode well for feed sales. Production of animal feed, dry whey during May 1999 totaled 8.4 million pounds, 9.4% more than a year ago and 10.2% more than April 1999.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are moderate to heavy, but milk supplies are expected to tighten rapidly in the coming weeks. Demand remains centered on replacement volumes. Canned evaporated milk production during May 1999 totaled 44.2 million pounds, 12.2% more than May 1998 and 10.7% more than April 1999. Month ending stocks, at 45.4 million pounds, are 2.5% more than a year ago and 11.6% above last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

The ranges of both casein prices series are unchanged, but the market tone is weaker. Offering prices below the bottom end of the reported price range for rennet are being reported. The decline of the Euro dollar versus the US dollar is one of the probable reasons being discussed as to why prices are being offered lower. While an item of discussion in the US, very little effect on the casein market is currently noted from the dioxin situation in Belgium. Both acid and rennet casein remain readily available for contract commitments and spot sales. While the number of users of cheese that are able to switch between natural and imitations is limited, the pricing advantage currently favors the utilization of imitation cheese. Imports of casein this year through April total 18.2 million KG, a 12% reduction compared to the same period in 1998.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.8500 - 1.9500

ACID: 1.8400 - 1.9500

COFFEE, SUGAR, & COCOA EXCHANGE (A Subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	06/23	06/24	06/25	06/28	06/29	06/30	07/01	07/02	07/05	07/06
CSCE/NYBT - BFP -- Dollars per cwt,										
JUN 99	11.61 (128) 0	11.54 (126) 2	11.51 (124) 3	11.50 (124) 0	11.50 (124) 0	11.50 (123) 1	11.50 (123) 0		NO TRADING	
JUL 99	13.65 (127) 1	13.69 (129) 2	13.75 (130) 4	13.81 (133) 3	13.58 (135) 4	13.53 (136) 1	13.49 (137) 1	13.43 (137) 0		13.45 (137) 1
AUG 99	13.97 (144) 11	14.05 (145) 2	14.03 (145) 5	13.97 (145) 0	13.80 (145) 0	13.80 (145) 0	13.73 (145) 0	13.78 (145) 0		13.90 (146) 9
SEP 99	13.95 (138) 4	14.00 (143) 7	13.98 (144) 2	13.95 (146) 4	13.75 (147) 1	13.75 (149) 2	13.68 (152) 3	13.65 (153) 3		13.75 (153) 1
OCT 99	13.80 (124) 2	13.80 (127) 3	13.80 (127) 3	13.75 (130) 3	13.58 (130) 0	13.50 (131) 1	13.35 (132) 1	13.35 (132) 1		13.43 (133) 1
NOV 99	13.59 (92) 0	13.60 (93) 1	13.54 (93) 0	13.60 (93) 0	13.60 (930) 0	13.53 (94) 1	13.35 (93) 1	13.25 (93) 0		13.20 (94) 4
DEC 99	12.98 (64) 1	13.00 (64) 0	13.08 (64) 3	13.03 (64) 0	13.00 (64) 0	12.95 (65) 1	12.95 (66) 1	12.83 (66) 0		12.82 (66) 0
JAN 00	12.40 (11) 0	12.40 (11) 0	12.45 (11) 0	12.43 (11) 0	12.43 (11) 0	12.43 (11) 3	12.40 (13) 2	12.40 (14) 1		12.38 (15) 1
FEB 00	12.30 (3) 0	12.30 (3) 0	12.25 (3) 0	12.25 (3) 0	12.25 (3) 0	12.25 (3) 0	12.25 (6) 3	12.25 (7) 1		12.25 (7) 0
MAR 00	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	12.00 (0) 0	11.95 (0) 0		11.93 (0) 0

CME - BUTTER -- Cents per pound

JLY 99	150.45 (178) 0	149.975 (168) 22	147.00 (166) 4	142.00 (164) 2	142.00 (165) 19	137.00 (150) 25	137.00 (137) 58	135.00 (137) 4	NO TRADING	135.00 (137) 4
SEP 99	154.475 (221) 0	153.75 (228) 22	151.975 (230) 2	147.00 (231) 1	147.00 (233) 15	142.00 (252) 22	141.75 (253) 4	140.00 (257) 4		139.75 (257) 4
OCT 99	155.90 (114) 0	155.50 (114) 0	153.00 (116) 2	148.00 (120) 6	148.00 (119) 1	143.00 (119) 1	143.00 (119) 0	142.00 (119) 0		141.75 (119) 0
FEB 00	137.475 (1) 0	137.475 (1) 0	137.475 (1) 0	137.475 (1) 0	137.475 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0		135.00 (1) 0
MAR 00	137.75 (1) 0	137.75 (1) 0	137.75 (1) 0	137.75 (1) 0	137.75 (1) 0	135.00 (1) 0	135.00 (1) 0	135.00 (1) 0		135.00 (1) 0

CME - BFP -- Dollars per cwt.

JUN 99	11.59 (894) 10	11.55(885) 10	11.55 (882) 12	11.55 (882) 1	11.47 (881) 2	11.50 (878) 3	11.50		NO TRADING	
JUL 99	13.69 (898) 7	13.71 (903) 11	13.80 (916) 28	13.78 (920) 17	13.60 (911) 22	13.60 (911) 13	13.50 (907) 22	13.50 (909) 23		13.55 (909) 23
AUG 99	13.99 (875) 30	14.01 (893) 33	14.00 (893) 25	13.99 (899) 10	13.79 (895) 29	13.75 (897) 26	13.70 (897) 28	13.80 (896) 25		13.88 (896) 25
SEP 99	13.98 (736) 37	14.05 (741) 12	14.01 (750) 23	13.93 (749) 7	13.73 (748) 5	13.72 (756) 21	13.68 (767) 36	13.72 (768) 22		13.84 (768) 22
OCT 99	13.80 (623) 15	13.81 (623) 4	13.81 (624) 13	13.77 (624) 0	13.58 (624) 3	13.53 (626) 16	13.35 (635) 14	13.39 (646) 18		13.48 (646) 18
NOV 99	13.63 (492) 18	13.62 (499) 8	13.65 (497) 5	13.65 (497) 0	13.60 (492) 5	13.51 (493) 6	13.25 (494) 7	13.15 (503) 10		13.15 (503) 10
DEC 99	13.00 (258) 4	13.00 (260) 2	13.05 (261) 1	13.00 (267) 6	12.95 (267) 1	12.95 (268) 3	12.90 (276) 11	12.85 (287) 11		12.87 (287) 11
JAN 00	12.36 (81) 1	12.40 (81) 0	12.40 (82) 2	12.40 (82) 0	12.35 (86) 4	12.36 (86) 4	12.36 (88) 6	12.35 (90) 2		12.37 (90) 2
FEB 00	12.29 (53) 0	12.29 (53) 0	12.21 (54) 1	12.21 (54) 0	12.21 (54) 0	12.21 (57) 3	12.21 (57) 4	12.20 (59) 2		12.22 (59) 2
MAR 00	12.03 (13) 3	12.05 (15) 2	12.05 (15) 0	12.05 (15) 0	12.05 (15) 0	12.05 (15) 0	12.00 (16) 5	11.85 (17) 1		11.97 (17) 1
APR 00	11.86 (2) 0	11.86 (2) 0	11.86 (2) 0	11.86 (2) 0	11.86 (2) 0	11.86 (2) 0	11.85 (3) 3	11.85 (7) 6		11.90 (7) 6

1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.
For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

NOTE: The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 28 - July 9, 1999

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Most of the repercussions from the dioxin problem in Europe have been resolved on dairy except for an increased need for documentation (and expense) to source product from the EU. Also, a few countries have been lagging in the removing of their import restrictions on EU-origin, particularly Belgian, products. The strong U.S. dollar compared to other currencies, particularly the Euro continues to impact reported price ranges. Prices in local currencies are steady to often higher since they are unaffected by the strong dollar. Current milk receipts are being impacted by warm summer weather with levels, in general, comparable to those of a year ago. Farmer milk checks are generally below year ago levels in recent months with the gap continuing to widen. Demand for some liquid dairy products is increasing, reducing milk volumes available for manufacturing. Cheese production in some countries has been reduced to compensate for the lack of the Russian market.

BUTTER/BUTTEROIL: The butter market is steady though reported prices are often lower, reflecting the effect of the strong U.S. dollar. Most reported prices are near the low end of the price range. This market continues to recover from the recent dioxin scare. The increased documentation and testing of product has increased exporters' expenses with little actual sales to compensate for the cost. Current stocks are in better balance with demand and volumes being cleared to storage programs are lighter.

82% BUTTERFAT:	1,250 - 1,650
99% BUTTERFAT:	1,575 - 1,700

SKIM MILK POWDER (SMP): The skim market is steady to firm in Europe, but with the strong dollar, the reported price range appears weaker. Much of the current activity is for short term needs. Production is trending lower, reflecting lower milk receipts. Demand in Europe is improved from both food and feed accounts. Movement to intervention has slowed.

1.25% BUTTERFAT:	1,200 - 1,360
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WHOLE MILK POWDER (WMP): The whole milk market is starting to firm, but most of the strength is occurring within Europe, not internationally. Production is trending lower seasonally.

26% BUTTERFAT:	1,375 - 1,580
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SWEET WHEY POWDER: European whey prices are more competitive in the world market with other sources, but export sales remain limited. Production is lighter, reflecting reduced cheese output in some countries.

NONHYGROSCOPIC:	400 - 500
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OVERVIEW: EASTERN EUROPE: Milk receipts from farmers continue to decline seasonally. Current stocks are adequate for short term anticipated needs. Butter prices are generally higher than in the EU, limiting buyer interest.

OCEANIA

OVERVIEW: Milk and manufactured production is minimal in the off-season. Cows are expected to begin freshening for the new season as early as late July, but most will occur in August. Traders continue to clear remaining products from last year with the powders and cheddar in generally good position, though with some extra butter still available. The recent dioxin scare in the EU generated some additional interest from some international buyers, but things have returned to normal. Traders are continuing to make preparations for the new season. In Australia for the recently completed year, milk production was up about 8%. Milk prices received by farmers in the upcoming year are expected to again average out lower than the previous year in at least Australia, as milk receipts are expected to be even larger than the past season and demand continues to languish in traditional dairy product market areas such as Southeast Asia and Russia.

BUTTER: Butter prices are firmer on the low end and a little weak at the top. The recent dioxin scare in the EU caused some buyers to turn to Oceania to source product. Some butter inventory remains available. Sluggish world butterfat demand continues to be a source of concern for producers.

82% BUTTERFAT:	1,175 - 1,300
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CHEDDAR CHEESE: Prices are unchanged and the market is steady. Most current interest centers around preparations for the new year and finishing deliveries for the current year.

39% MAXIMUM MOISTURE:	1,700 - 1,750
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SKIM MILK POWDER (SMP): The skim market is steady and prices are unchanged. Current inventories are in good shape just before the start of the new production season. The recent DEIP allocations by the U.S. is one of the big topics of current discussion.

1.25% BUTTERFAT:	1,200 - 1,250
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WHOLE MILK POWDER (WMP): The whole milk market is generally steady with prices unchanged. Stocks are in good position entering the new season. The concern with demand for butterfat in the world market may cause some increase in the production of whole milk to utilize some extra butterfat.

26% BUTTERFAT:	1,400 - 1,500
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Exchange rates for selected foreign currencies: July 6, 1999

.4646 Dutch Guilder	.5235 German Mark
.1561 French Franc	.5243 New Zealand Dollar
.1070 Mexican Peso	.6610 Australian Dollar
1.5683 British Pound	.0082 Japanese Yen
.2556 Polish Zloty	1.0238 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1070) = 9.3458$. That is 1 US Dollar equals 9.3458 Mexican Pesos.

Source: Wall Street Journal

JUNE AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 1999 declined 1 point to 98. Compared with June 1998, the index down 4 points (3.9 percent). The index of prices received by farmers for dairy products advanced 3 points during the month of June 1999 to 101. Compared with June 1998, the index was down 7 points (6.5 percent).

On a 3.5 percent butterfat basis, prices received by farmers in June with changes from May were: for All Milk, \$13.10 per hundredweight (cwt.), up 42 cents; Fluid Grade Milk, \$13.12 per cwt., up 44 cents; and for Manufacturing Grade Milk, \$11.77 per cwt., up 50 cents.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., JUNE 1999 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	MAY		JUNE		JUNE		JUNE		JUNE	
	1999 <u>2/</u>	1998 <u>2/</u>	1999 <u>4/</u>	1998 <u>2/</u>	1999	1998	1999 <u>7/</u>	1998 <u>8/</u>	1999	1998
CA	12.27	12.72	13.12	13.77	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		35.00	34.50	96.00	103.00
ID	11.54	11.35	11.60	13.68			34.90	34.30	66.00	84.00
MI	12.77	13.71	12.95	13.76			36.00	37.50	62.00	93.00
MN	12.44	12.30	13.02	14.00			39.00	37.10	60.00	73.00
NY	12.47	13.19	12.65	13.85			---	---	102.00	90.00
OH	12.91	13.43	12.86	13.25			37.00	35.70	79.00	94.00
PA	13.27	13.93	13.52	14.27			38.40	37.50	106.00	121.00
TX	13.08	14.07	13.30	14.25			33.80	34.20	86.00	96.00
WA	12.98	13.38	13.06	14.25			---	---	106.00	109.00
WI	12.19	12.12	13.04	14.00			37.70	36.30	51.00	89.00
U.S.	12.68	13.16	13.10	13.99			36.10	36.10	81.70	91.80

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. xcludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., JUNE 1999 WITH COMPARISONS

ITEM	JUNE 1998	MAY 1999 <u>1/</u>	JUNE 1999 <u>2/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., 3.5 percent butterfat:			
All milk	13.99	12.68	13.10
Fluid grade milk	13.99	12.68	13.12
Manufacturing grade milk	12.82	11.27	11.77
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	102	99	98
Prices received by farmers for dairy products	108	98	101
Prices paid by farmers for commodities and services, interest taxes, and wage rates	117	116	116
Prices paid by farmers for production items	115	113	112
Prices paid by farmers for feed	110	102	99
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>3/</u>	2.89	2.92	3.23

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay.

SOURCE: "Agricultural Prices," Pr 1 (6/99), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

MAY 1999 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 104.7 million pounds in May, 13.1 percent above May 1998 but 1.6 percent below April 1999. **AMERICAN TYPE CHEESE** production totaled 319.2 million pounds, 6.9 percent above May 1998 and 0.2 percent above April 1999. **TOTAL CHEESE** output (excluding cottage cheese) was 674.8 million pounds, 3.4 percent above May 1998 and 0.3 percent above April 1999. **NONFAT DRY MILK** production, for human food, totaled 135.1 million pounds, 12.8 percent above May 1998 and 1.0 percent above April 1999. **DRY WHEY** production, for human food, was 94.8 million pounds, 3.3 percent below May 1998 but 3.7 percent above April 1999. **ICE CREAM** (hard) production totaled 75.9 million gallons, 5.8 percent below May 1998 and 0.6 percent below April 1999.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	MAY 1999	PERCENT CHANGE FROM:			PRODUCT	MAY 1999	PERCENT CHANGE FROM:		
	1,000 LBS.	MAY 1998	APR 1999	YEAR TO DATE 1/		1,000 LBS.	MAY 1998	APR 1999	YEAR TO DATE 1/
BUTTER	104,682	13.1	-1.6	5.6	DRY BUTTERMILK	4,317	-16.6	-9.2	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	142,684	5.4	3.5	---
AMERICAN TYPES 2/	* 319,197	6.9	0.2	7.4	CONDENSED WHEY, SOLIDS CONTENT 7/				
CHEDDAR	258,450	6.3	0.4	7.2	SWEET-TYPE, HUMAN FOOD	6,573	-34.4	-9.5	---
SWISS	18,046	-2.7	11.1	---	SWEET-TYPE, ANIMAL FEED	1,589	-16.7	10.7	---
BRICK & MUENSTER	7,728	-17.0	4.8	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	51,522	9.5	5.1	---	DRY WHEY, HUMAN FOOD	94,756	-3.3	3.7	---
BLUE	4,301	21.1	-9.7	---	DRY WHEY, ANIMAL FEED	8,419	9.4	10.2	---
HISPANIC	7,059	15.8	1.2	---	REDUCED LACTOSE AND MINERALS				
MOZZARELLA	208,735	1.0	-0.9	5.9	HUMAN FOOD	7,352	18.5	-13.6	---
OTHER ITALIAN TYPES	47,911	-8.6	-2.6	-6.0	ANIMAL FEED	2,899	2.2	11.1	---
TOTAL ITALIAN TYPES	256,646	-0.9	-1.3	3.4	LACTOSE, HUMAN FOOD & ANIMAL FEED	42,532	3.5	-1.7	---
ALL OTHER TYPES	10,300	-1.7	2.7	---	WHEY PROTEIN CONCENTRATE				
TOTAL	674,799	3.4	0.3	4.7	HUMAN FOOD	28,082	29.0	10.3	---
COTTAGE CHEESE, CURD 3/	39,282	1.9	1.3	---	ANIMAL FEED	3,605	2.6	-5.4	---
COTTAGE CHEESE, CREAMED 4/	31,466	3.2	0.2	-2.2	FROZEN PRODUCTS		1,000 GALLONS	PERCENT CHANGE FROM:	
COTTAGE CHEESE, LOWFAT 5/	30,103	-1.3	0.9	-0.4	ICE CREAM (HARD)	75,882	-5.8	-0.6	-5.4
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (HARD)	9,012	-0.2	-0.3	---
WHOLE MILK	44,167	12.2	10.7	---	ICE CREAM, LOWFAT (SOFT)	29,984	-6.1	8.9	---
DRY WHOLE MILK	11,573	-3.5	16.4	---	ICE CREAM, LOWFAT (TOTAL)	38,996	-4.8	6.6	-9.2
NONFAT DRY MILK, HUMAN FOOD	6/ 135,082	12.8	1.0	15.2	SHERBET (HARD)	4,898	1.4	3.6	0.4
DRY SKIM MILK, ANIMAL FEED	422	-8.7	6.6	---	YOGURT	8,960	16.9	3.7	8.3

MANUFACTURERS' STOCKS, END OF MONTH 8/

PRODUCT	MAY 1999	PERCENT OF:		PRODUCT	MAY 1999	PERCENT OF:	
	1,000 LBS.	MAY 1998	APR 1999		1,000 LBS.	MAY 1998	APR 1999
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	53,779	81.0	---	HUMAN FOOD	15,957	37.0	-12.9
DRY WHEY, ANIMAL FEED	9,188	107.3	3.4	ANIMAL FEED	2,583	56.3	23.5
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 9/	13,807	42.8	11.2	CANNED EVAPORATED & CONDENSED WHOLE MILK	45,439	2.5	11.6
LACTOSE, HUMAN FOOD & ANIMAL FEED	28,700	-12.2	0.3	DRY WHOLE MILK	7,665	-9.4	45.6
DRY BUTTERMILK, TOTAL	4,977	-19.4	-28.3	NONFAT DRY MILK FOR HUMAN FOOD	161,404	21.6	18.3
				DRY SKIM MILK FOR ANIMAL FEED	1,635	76.4	23.0

1/ 1999 cumulative as percent change of 1998 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Mostly used for processing into creamed or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Includes combined Minnesota and Wisconsin production of 1,795,000 lbs. 7/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. *Includes combined Minnesota and Wisconsin production of 140,638,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (7-99), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

Federal Milk Order Reform Final Decision: Product Price Averages

The National Agricultural Statistics Service (NASS) began collecting, in September 1998, weekly prices and volume traded for butter, nonfat dry milk and dry whey. Monthly and two-week averages of these new price series, along with those already collected for cheese, will be used in the Federal milk order Final Decision pricing formulas. Listed below are these averages for the time period September 1998 to date. This table will be updated on a monthly basis as the data become available.

Year and Time Period	Product Price Averages ^{1/} For:									
	Class I/II					Class III/IV				
	Weeks ending	Butter	Cheese	Nonfat dry milk	Dry Whey	Weeks ending	Butter	Cheese	Nonfat dry milk	Dry Whey
	<u>Dollars per pound</u>					<u>Dollars per pound</u>				
<u>1998</u>										
Sep	9/4,11	2.5918	1.5842	1.0466	0.2624	9/4,11,18,25	2.6726	1.6260	1.0518	0.2637
Oct	10/9,16	2.4828	1.7597	1.0705	0.2563	10/2,9,16,23	2.5081	1.7607	1.0732	0.2544
Nov	11/6,13	2.0889	1.8269	1.0745	0.2426	10/30,11/6,13,20,27	1.9260	1.8278	1.0745	0.2425
Dec	12/4,11	1.3049	1.8552	1.0834	0.2450	12/4,11,18,25	1.3563	1.8643	1.0864	0.2436
<u>1999</u>										
Jan	1/9,16	1.4165	1.8198	1.0715	0.2213	1/2,9,16,23,30	1.4154	1.7225	1.0637	0.2137
Feb	2/6,13	1.2957	1.2824	1.0411	0.1909	2/6,13,20,27	1.2984	1.2925	1.0359	0.1897
Mar	3/6,13	1.3437	1.3056	1.0180	0.1913	3/6,13,20,27	1.3019	1.3064	1.0169	0.1917
Apr	4/10,17	1.0032	1.3154	1.0056	0.1842	4/3,10,17,24	1.0160	1.3126	1.0071	0.1845
May	5/8,15	0.9960	1.2639	1.0055	0.1748	5/1,8,15,22,29	1.0781	1.2499	1.0069	0.1739
Jun	6/5,12	1.4352	1.2422	1.0067	0.1717	6/5,12,19,26	1.4609	1.2786	1.0046	0.1711

^{1/} These averages are the average of the applicable weekly prices weighted by the sales volume for the week. See the columns labeled "weeks ending" for applicable weeks. The most recently released information for the week will be used. Once an average price has been computed, it will not be revised even if NASS issues revised data for a week used to compute the average. However, for the period September-December 1998, as NASS was developing the three new price series, these averages were changed to include revisions issued after the average's scheduled computation date.

Federal Milk Order Reform Final Decision: Comparison of Class I Mover and Class Prices to Current Pricing Provisions

The Federal milk order reform Final Decision carried a table that compared class prices calculated under the current pricing provisions to those computed using the formulas in the Final Decision for the period January 1994 through December 1998. Listed below is this table updated for January 1999 to date. Please note that the Class I price mover section has been changed as described in the footnote. Also, as it was stated in the Final Decision, this price information is shown for informational purposes only and should not be interpreted as the actual prices that would have occurred had the new pricing provisions been in effect.

Year and Month	Class I Mover ^{1/}		Class II Price		Class III Price		Class III-A/IV Price	
	Current	Final	Current	Final	Current	Final	Current	Final
1999	<u>Dollars per cwt.</u>							
January	16.84	17.44	17.14	14.31	16.27	15.85	13.12	13.45
February	17.34	16.90	17.64	13.72	10.27	11.35	12.78	12.71
March	16.27	12.74	16.57	13.47	11.62	11.51	12.36	12.56
April	10.27	12.75	10.57	12.05	11.81	11.64	11.06	11.26
May	11.62	11.67	11.92	12.21	11.26	10.91	11.62	11.53
June	11.81	11.16	12.11	13.85	11.42	11.04	13.29	13.14
July	11.26	13.04						

^{1/} In the Final Decision, these figures were shown for the month which contained the prices used to compute the applicable price mover; that is, for December 1998, the figures of \$17.34 and \$17.44 were derived from December product price information. However, because of advance pricing, the figures for December 1998 do not set the Class I prices for December 1998. On this table, the figures are shown for the month for which the Class I price is set. The current Class I mover for January 1999 is the Basic Formula Price for November 1998. The final Class I mover for January 1999 is the figure computed for December 1998.

Federal Milk Order Reform Final Decision: Producer Component Prices and Somatic Cell Adjustment

Year and Month	Butterfat	Protein	Other Solids	Somatic Cell Adjustment
	<u>Dollars per pound</u>			
January	1.5871	3.2928	0.0792	.00086
February	1.4444	2.0006	0.0544	.00065
March	1.4487	2.0428	0.0565	.00065
April	1.1000	2.5104	0.0491	.00066
May	1.1757	2.1984	0.0381	.00062
June	1.6426	1.6992	0.0352	.00064

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for June 1999 is \$11.42 per hundredweight at 3.5 percent butterfat. The June Basic Formula Price is the May base month Minnesota-Wisconsin (M-W) price of \$11.23 at 3.5 percent plus a change of \$0.19, which is the change in the butter/powder/cheese formula from May to June 1999. The June 1999 Basic Formula Price is \$0.16 more than last month and \$1.68 less than the May 1998 Basic Formula Price. This Basic Formula Price is the Class III price for June 1999 and is to be used in August 1999 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 1.61 cents. **MILK COMPONENT CONTENTS.** For the May 1999 base month M-W price, the butterfat content was 3.75 percent, protein 3.17 percent, and solids-not-fat 8.61 percent. For the June 1999 Basic Formula Price, the butterfat content was 3.65 percent, protein 3.16 percent, and solids-not-fat 8.61 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	JUNE								JULY			AUGUST	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1999	1999
		DOLLARS								DOLLARS				
New England (Boston)	1 3/	15.05	15.25	12.11	12.31	11.31	12.99	13.18	15.27	14.50	14.12	11.56	14.66	11.72
New York/New Jersey (NY City)	2 4/	14.95	15.15	12.19	12.39	11.39	13.07	13.26	15.35	14.40	14.02	11.64	14.56	11.80
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 5/	14.84	15.04	12.11	12.31	11.33	13.01	13.20	15.29	14.29	13.91	11.56	14.45	11.72
Carolina (Charlotte)	5	14.89	15.09	12.11	12.31	11.42	13.10	13.29	15.38	14.34	13.96	11.56	14.50	11.72
Southeast (Atlanta/Birmingham)	7	14.89	15.09	12.11	12.31	11.42	13.10	13.29	15.38	14.34	13.96	11.56	14.50	11.72
Upper Florida (Jacksonville/Tallahassee)	6	15.39	15.59	12.11	12.31	11.42	13.10	---	---	14.84	14.46	11.56	15.00	11.72
Tampa Bay	12	15.69	15.89	12.11	12.31	11.42	13.10	---	---	15.14	14.76	11.56	15.30	11.72
Southeastern Florida (Miami)	13	15.99	16.19	12.11	12.31	11.42	13.10	---	---	15.44	15.06	11.56	15.60	11.72
Michigan Upper Peninsula (Marquette)	44	13.16	13.36	12.11	12.31	11.42	13.10	13.29	15.38	12.61	12.23	11.56	12.77	11.72
Southern Michigan (Detroit)	40 6/	13.56	13.76	12.11	12.31	11.42	13.10	13.29	15.38	13.01	12.63	11.56	13.17	11.72
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	13.81	14.01	12.11	12.31	11.42	13.10	13.29	15.38	13.26	12.88	11.56	13.42	11.72
Ohio Valley (Columbus)	33	13.85	14.05	12.11	12.31	11.42	13.10	13.29	15.38	13.30	12.92	11.56	13.46	11.72

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	JUNE								JULY			AUGUST	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1999	1999
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	49	13.71	13.91	12.11	12.31	11.42	13.10	13.29	15.38	13.16	12.78	11.56	13.32	11.72
Chicago Regional	30	13.21	13.41	12.11	12.31	11.42	13.10	13.29	15.38	12.66	12.28	11.56	12.82	11.72
Central Illinois (Peoria)	50	13.42	13.62	12.11	12.31	11.42	13.10	---	---	12.87	12.49	11.56	13.03	11.72
S. Illinois/E. Missouri (Alton)	32	13.73	13.93	12.11	12.31	11.42	13.10	---	---	13.18	12.80	11.56	13.34	11.72
Louisville/Lexington/Evansville	46	13.92	14.12	12.11	12.31	11.42	13.10	13.29	15.38	13.37	12.99	11.56	13.53	11.72
Upper Midwest (Minneapolis)	68	13.01	13.21	12.11	12.31	11.42	13.10	13.29	15.38	12.46	12.08	11.56	12.62	11.72
E. South Dakota (Sioux Falls)	76	13.31	13.51	12.11	12.31	11.42	13.10	---	---	12.76	12.38	11.56	12.92	11.72
Iowa (Des Moines)	79	13.36	13.56	12.11	12.31	11.42	13.10	13.29	15.38	12.81	12.43	11.56	12.97	11.72
Nebraska/W. IA. (Omaha/Sioux City)	65	13.56	13.76	12.11	12.31	11.42	13.10	13.29	15.38	13.01	12.63	11.56	13.17	11.72
Greater Kansas City	64	13.73	13.93	12.11	12.31	11.42	13.10	---	---	13.18	12.80	11.56	13.34	11.72
Southwest Plains (Oklahoma City)	106	14.58	14.78	12.11	12.31	11.42	13.10	13.29	15.38	14.03	13.65	11.56	14.19	11.72
Texas (Dallas)	126	14.97	15.17	12.11	12.31	11.42	13.10	13.29	15.38	14.42	14.04	11.56	14.58	11.72
Eastern Colorado (Denver)	137	14.54	14.74	12.11	12.31	11.42	13.10	---	---	13.99	13.61	11.56	14.15	11.72
Western Colorado (Grand Junction)	134	13.81	14.01	12.11	12.31	11.42	13.10	---	---	13.26	12.88	11.56	13.42	11.72
SW Idaho/Eastern Oregon (Boise)	135	13.31	13.51	12.11	12.31	11.42	13.10	13.21	15.37	12.76	12.38	11.56	12.92	11.72
Great Basin (Salt Lake City)	139	13.71	13.91	12.11	12.31	11.42	13.10	---	---	13.16	12.78	11.56	13.32	11.72
Central Arizona (Phoenix)	131	14.33	14.53	12.11	12.31	11.42	13.10	13.21	15.37	13.78	13.40	11.56	13.94	11.72
New Mexico/West Texas (Albuquerque)	138	14.16	14.36	12.11	12.31	11.42	13.10	13.29	15.38	13.61	13.23	11.56	13.77	11.72
Pacific Northwest (Seattle/Portland)	124	13.71	13.91	12.11	12.31	11.42	13.10	13.21	15.37	13.16	12.78	11.56	13.32	11.72
SIMPLE AVERAGE	---	14.13	14.33	12.11	12.31	11.41	13.09	13.27	15.37	13.58	13.20	11.56	13.74	11.72

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in August 1999 is \$14.66 per 100 pounds or \$1.26 per gallon (\$14.66 divided by 11.63 equals \$1.2605).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JULY 5 - 9, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 07/02/99	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	5,344,041	-0-	5,344,041	150,260,741*	118,557,622	-0-	-0-
Fortified	264,524	-0-	264,524	911,783*	-0-	-0-	-0-
TOTAL	5,608,565	-0-	5,608,565	151,172,524	118,557,622	-0-	-0-

*264,388 POUNDS PURCHASED LAST WEEK WAS INCORRECTLY REPORTED AS NONFORTIFIED, THE CUMULATIVE TOTALS HAVE BEEN ADJUSTED ACCORDINGLY.

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JULY 5 - 9, 1999 =	1.2	65.3	COMPARABLE WEEK IN 1998 =	1.7	90.0
CUMULATIVE SINCE OCTOBER 1, 1998 =	33.3	1,759.6	CUMULATIVE SAME PERIOD LAST YEAR =	26.1	1,380.0
CUMULATIVE JANUARY 1 - JULY 9, 1999 =	33.2	1,758.4	COMPARABLE CALENDAR YEAR 1998 =	24.4	1,288.6

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JULY 5 - 9, 1999 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	1,923,948	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	3,420,093	264,524
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MIDWEST	-0-	-0-	-0-	-0-	14,919,067	9,670,582	9.9	8.2
WEST	-0-	-0-	-0-	-0-	136,253,457	108,600,497	90.1	91.6
EAST	-0-	-0-	-0-	-0-	-0-	286,543	0.0	0.2
TOTAL	-0-	-0-	-0-	-0-	151,172,524	110,826,100	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 06/19/99 & Comparable Week 1998 1/ 2/

Regions*	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1
1999-Dairy cows HD (000)	0.2	1.1	5.7	5.4	16.1	2.0	2.6	0.7	8.0	2.2	43.9	1,170.7
1998-Dairy cows HD (000)	0.3	1.4	6.2	4.3	16.8	1.8	2.4	1.1	8.1	2.7	45.0	1,316.4
1999-All cows HD (000)	0.3	1.1	7.9	13.1	22.4	13.8	18.0	3.6	12.1	7.1	99.3	2,673.4
1998-All cows HD (000)	0.3	1.4	8.3	14.7	23.7	16.9	16.2	5.9	11.0	6.8	105.3	2,794.5

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE INVITATION 6/30 AND 7/2

<u>INVITATION FOR JULY/AUGUST DELIVERY</u>			OFFERS ARE DUE JULY 8. PUBLIC RELEASE IS SCHEDULED FOR MIDNIGHT CDT, JULY 9.
<u>CHEDDAR</u> BARRELS	<u>JULY</u> 680,000	<u>AUGUST</u> 80,000	
<u>INVITATION FOR AUGUST 1 - NOVEMBER 30 DELIVERY</u>			OFFERS ARE DUE JULY 12. PUBLIC RELEASE IS SCHEDULED FOR 4:00 P.M. JULY 16.
<u>MOZZARELLA</u>	<u>MINIMUM/MAXIMUM</u>		
LMPS	3,500,000/5,100,000		
LMPS SHREDDED	200,000/300,000		
MOZZARELLA LITE SHREDDED	200,000/300,000		

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42						